

# Monthly Update

**GROUP SAVINGS  
AND RETIREMENT**
**October 31,  
2011**


INSURANCE AND FINANCIAL SERVICES INC.

## Solution to the public debt problem in Europe?

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**W**hat a surprising rebound on the stock markets, particularly for a month of October! Historically, October is synonymous with atavistic angst for those negotiating the stock market, having been the month of the 1907 Bankers' Panic, and the month of the Great Crash of 1929 — memories that are scarier than the most sinister of Halloween ghosts. More recently, in 2008, October was the month when, lacking support from government institutions, the venerable Lehman Brothers went bankrupt, causing a liquidity crisis that had a profound impact on the world financial system — the effects of which are still being felt today.

As we were saying: a surprising rebound in the stock markets, which seem to have regained their optimism. An increase of 10.9% for the U.S. large-cap index, the S&P 500; a 6.2% increase for the MSCI - EAFE, the stock market index of developed markets outside America; and a gain of 5.6% for our Canadian index, the S&P/TSX. All these returns are given in local currencies.

The law of communicating vessels can help us understand, in a slightly simplified manner, how the positive capital flows that enthusiastic investors are unleashing onto the stock markets create negative capital flows on the bond markets. It is therefore not surprising to see the Canadian bond market, represented by the DEX Universe, down 0.4%. Within this index, the most important retreats were in long-term bonds (DEX Long Term Bond Index down 1.0%).

The October stock market rebound and the bond market retreat were caused primarily by developments in Europe. Need we recall that since the start of 2010, the sovereign debt problems of several European countries have been looming, like the sword of Damocles, over the economic recovery and over the markets. Greece remains at the centre of the preoccupations and discussions of all European heads of state.

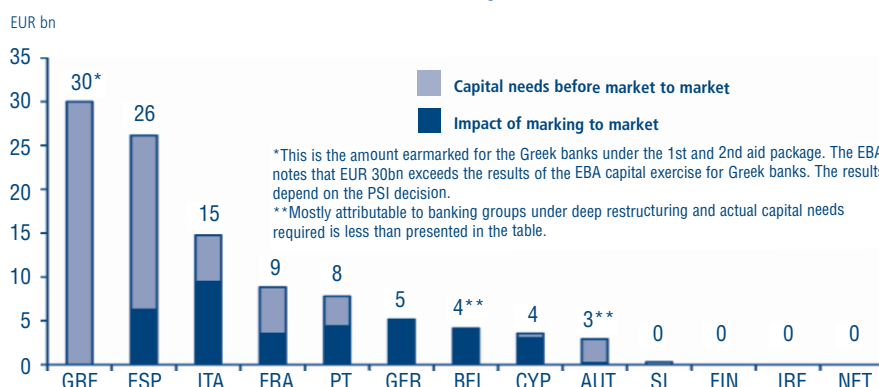
**Rather than going ahead with a "we'll do whatever it takes" attitude, the solution proposed to the financial markets — while certainly a step in the right direction — seems to be stitched with the white thread of diplomatic compromise.**

Fourteen summit meetings have been held in 21 months (!) with a view to negotiating a solution to the unsustainable heaviness of the Greek problem and to avoid another financial crisis which would arise from a disorderly default on Greek bonds. October 27 saw the announcement of an agreement between all euro members, aiming to preserve the financial stability of the European monetary union. This agreement contains three main components, which we will try to summarize here, along with a summary of the criticisms levelled by economic commentators.

First component: a haircut. According to the agreement, private holders of the Greek debt (essentially European banks) would accept a "voluntary" 50 percent cut in the nominal value of their bond investments. A first estimate indicates that such a cut would reduce the Greek debt by about 100 billion euros. It should be noted that public holders of Greek debt (European governments and the International Monetary Fund — IMF) would not participate in this cut.

There are two main criticisms of this first component. First, the "voluntary" nature of this cut: while it could avoid setting off credit-default swaps, it contains a certain risk in execution. For, even though the agreement was developed with the help of the

### Euro area banks' capital needs



Source: Credit Suisse, Thomson Reuters Datastream

Institute for International Finance, representing the banks, it is not impossible that some banks will back out along the way. Second, some experts believe this cut is insufficient to bring the total Greek debt to the desired level of 120% of its GDP by 2020. According to these experts, the Greek government still needs to free up an operating surplus (before payments tied to the debt) equivalent to 6% of the Greek budget — which, given the current weakness of the Greek economy, is not necessarily a done deal.

Second component: leveraging of the European Financial Stability Facility (EFSF). As we have said in the past, the problem of excessive debt is not limited to Greece: Spain and Italy are also sources of apprehension for investors. To remedy this situation, European leaders have decided to enable the EFSF to act like a bank, that is, to make more financial commitments than it has tangible assets (hence the leverage effect). In total, the EFSF could commit up to 1 trillion euros to buy or offer protection on the debt of these troubled countries. All this with a goal to avoiding a potential collapse that would make Greek's problems seem small by comparison, given the much larger economies of Spain and Italy.

With respect to this component, the main criticism concerns the size of the EFSF's balance sheet. At first glance, analysts estimate that 1 trillion euros is a sufficient amount to maintain the interest rates of Spanish and Italian bonds at reasonable levels, if

You will find other news inside and at the end of the document.

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## Gross returns as at October 31, 2011

	Reference Index	Net assets <sup>1</sup> in millions \$	Simple returns <sup>2</sup>			Compound annual returns				Investment advisor	
			1 month %	3 months %	YTD %	1 year %	3 years %	5 years %	10 years %		
<b>ASSET ALLOCATION FUNDS</b>											
<b>GROUP</b>											
FU506	Asset Allocation - Conservative	INDC506	37.7	1.3	1.2	4.5	4.9	8.7	5.0	6.2*	Various Managers
FU507	Asset Allocation - Moderate	INDC507	65.5	2.3	0.1	2.4	3.7	8.7	4.2	6.3*	Various Managers
FU508	Asset Allocation - Balanced	INDC508	176.3	3.3	(1.0)	0.3	2.4	8.7	3.5	6.4*	Various Managers
FU509	Asset Allocation - Growth	INDC509	108.9	4.3	(2.1)	(1.8)	1.1	8.6	2.6	6.3*	Various Managers
FU510	Asset Allocation - Aggressive Growth	INDC510	46.7	5.4	(3.3)	(4.0)	(0.2)	8.6	1.9	6.4*	Various Managers
<b>INCOME FUNDS</b>											
<b>GROUP</b>											
FU070	Money Market	IN018	235.2	0.1	0.3	0.9	1.1	0.8	2.1	2.6	Industrial Alliance
FU170	Short Term Bonds	IN019	208.5	(0.1)	1.4	4.3	3.8	5.9	4.8	4.7	Industrial Alliance
FU020	Bonds	IN021	1,692.7	(0.2)	2.6	7.4	6.3	8.2	6.1	6.4	Industrial Alliance
FU210	Bonds - series 2	IN021	605.7	(0.3)	2.5	6.9	6.0	8.4	5.8	6.2	Industrial Alliance
FU822	Bonds (Addenda)	IN021	3.1	(0.2)	1.4	5.8	5.4	7.8	5.9	6.2*	Addenda
FU860	Bonds (PIMCO)	IN021	76.7	0.8	(0.2)	4.1	3.0	10.0*	6.4*	-	PIMCO
FU472	Bonds (Natcan)	IN021	10.7	(0.4)	2.3	6.7	5.7	8.6	6.1	6.1*	Natcan
FU521	Bonds (PH&N)	IN021	12.4	(0.2)	2.1	6.3	5.4	9.5	6.2	6.4*	Phillips, Hager & North
FU489	Emerald Canadian Bond Index (TD)	IN021	56.9	(0.4)	2.6	7.0	6.1	8.2	5.8	5.9*	TD
FU504	Long Term Bonds	IN056	76.3	(0.8)	4.8	11.5	10.3	13.1	7.3	8.3*	Industrial Alliance
FU861	Long Term Bonds (PIMCO)	IN056	2.4	0.4	2.0	8.3	7.2	14.6*	8.1*	-	PIMCO
<b>DIVERSIFIED FUNDS</b>											
<b>GROUP</b>											
FU240	Diversified Security	INDC240	299.1	2.0	0.5	2.9	4.2	9.6	5.2	6.9	Industrial Alliance
FU040	Diversified	INDC040	1,662.0	3.7	(1.1)	(0.3)	2.7	9.7	4.1	7.1	Industrial Alliance
FU463	Diversified (Jarislowsky)	INDC463	49.2	2.6	(1.0)	0.5	2.5	7.5	2.6	5.3	Jarislowsky
FU380	Diversified (McLean Budden)	INDC380	21.0	4.8	(3.3)	(5.8)	(2.8)	6.9	1.9	5.1	McLean Budden
FU522	Balanced (PH&N)	INDC522	28.8	3.6	(2.1)	(2.5)	0.2	8.4	2.1	4.9*	Phillips, Hager & North
FU486	Balanced (Invesco)	INDC486	16.0	2.9	(2.2)	(2.4)	(0.2)	6.6	1.6	6.3*	Invesco
FU250	Diversified Opportunity	INDC250	211.9	5.0	(2.3)	(2.9)	1.5	10.6	3.6	7.6	Industrial Alliance
FU462	Fidelity Canadian Asset Allocation	INDC462	487.4	3.3	(2.0)	(2.5)	2.3	11.1	5.3	8.5	Fidelity
<b>CANADIAN EQUITY FUNDS</b>											
<b>GROUP</b>											
FU160	Dividends	IN026	557.2	4.2	(1.1)	(1.4)	3.0	11.0	4.4	11.4	Industrial Alliance
FU474	Canadian Equity Index	IN026	153.2	5.3	(4.1)	(7.2)	(1.7)	8.5	2.6	7.9	Industrial Alliance
FU010	Canadian Equity Value	INDC010	385.2	6.5	(4.3)	(7.6)	(1.6)	8.7	1.0	7.8	Industrial Alliance
FU494	100% Canadian Equity Value	IN024	66.0	7.3	(3.9)	(7.2)	(0.2)	12.9	3.1	-	Industrial Alliance
FU488	Canadian Equity (Jarislowsky)	IN024	99.2	4.5	(4.4)	(6.7)	(1.8)	8.0	2.6	9.7*	Jarislowsky
FU543	Canadian Equity (Scheer Rowlett)	IN024	31.5	6.9	(5.3)	(9.8)	(4.3)	8.9	1.3*	9.5*	Scheer Rowlett
FU835	Canadian Equity (Highstreet)	IN024	6.7	5.5	(4.7)	(9.3)	(3.0)	7.8*	1.5*	9.6*	Highstreet
FU487	Canadian Equity (Invesco)	IN024	6.9	4.7	(5.3)	(8.1)	(3.1)	8.2	3.2	7.4*	Invesco
FU862	Canadian Equity (Pyramis)	IN031	21.2	5.6	(4.0)	(4.9)	3.0	13.2*	5.7*	-	Pyramis
FU523	Canadian Equity (PH&N)	IN031	1.3	7.0	(6.3)	(8.3)	(2.1)	8.5	0.7*	7.5*	Phillips, Hager & North
FU464	Canadian Equity Growth	IN024	233.4	6.1	(5.5)	(8.9)	(2.2)	14.0	5.9	10.2	Industrial Alliance
FU360	Canadian Equity (McLean Budden)	IN031	90.4	7.6	(9.0)	(16.6)	(8.9)	8.5	0.8	7.6	McLean Budden
FU473	Canadian Equity (Natcan)	IN024	28.0	8.3	(6.2)	(10.8)	(3.8)	10.3	2.6	8.7*	Natcan
FU270	Fidelity True North <sup>®</sup>	IN031	346.2	5.0	(2.7)	(4.5)	2.1	11.0	3.8	9.5	Fidelity
FU511	Canadian Equity (Small Cap.) (Montrusco)	IN061	34.8	9.8	(5.7)	(9.6)	2.9	27.4	7.8	15.7*	Montrusco Bolton
FU541	Canadian Equity (Small Cap.) (QV)	IN061	25.5	3.1	(6.4)	(2.6)	3.3	12.4	3.7*	15.1*	QV Investors Inc.
FU514	Canadian Equity Responsible (McLean Budden)	IN024	1.9	6.4	(7.3)	(11.6)	(5.3)	9.4	1.3	7.6*	McLean Budden
<b>FOREIGN EQUITY FUNDS</b>											
<b>GROUP</b>											
FU465	Global Equity (Templeton)	IN008	194.1	6.7	(4.5)	(4.1)	(3.5)	4.0	(3.5)	1.4	Templeton
FU837	Global Equity (Artio)	IN008	2.2	4.1	(9.4)	(12.5)	(8.8)	1.7*	(3.9)*	0.6*	Artio
FU500	Global Equity (Hexavest)	IN008	36.5	2.7	0.4	(1.4)	(0.4)	4.5	(0.3)	3.8*	Hexavest
FU865	Global Equity (CS-Hedged) (Hexavest)	IN104	5.9	5.7	(2.7)	(3.5)	0.1	-	-	-	Hexavest
FU534	Global Dividends (BNP Paribas)	IN089	9.7	8.5	(4.1)	(2.9)	0.2	7.2	(2.4)*	-	BNP Paribas Inv Partners
FU485	Global Equity (Invesco)	IN008	9.6	5.6	(4.6)	(7.3)	(5.4)	2.9	(5.3)	1.8*	Invesco
FU390	Global Equity (McLean Budden)	IN008	78.8	5.6	(3.2)	(5.3)	(3.6)	2.4	(3.1)	0.2	McLean Budden
FU864	Global Equity (CS-Hedged) (McLean Budden)	IN104	14.3	9.4	(5.4)	(7.1)	(2.8)	-	-	-	McLean Budden
FU863	Global Equity (Pyramis)	IN008	1.8	4.7	(4.0)	(5.9)	(2.6)	2.7*	(3.0)*	-	Pyramis
FU531	Global Equity Small Cap. (DB Advisors) <sup>3</sup>	IN079	85.4	6.3	(4.2)	(4.3)	0.4	11.9	0.6	-	DB Advisors
FU300	International Equity Index (BlackRock)	IN046	12.4	4.5	(5.9)	(6.5)	(6.0)	3.2	(4.3)	1.0	BlackRock
FU080	International Equity (Templeton)	IN002	61.0	6.5	(5.9)	(6.2)	(7.2)	3.2	(4.2)	1.4	Templeton
FU483	International Equity (Jarislowsky)	IN002	4.7	5.2	(3.8)	1.6	1.4	7.0	(2.6)	0.8*	Jarislowsky
FU838	International Equity (Artio)	IN002	1.1	5.6	(10.6)	(13.3)	(12.5)	(1.6)*	(5.4)*	-	Artio
FU852	International Equity (Hexavest)	IN002	5.5	3.3	(3.2)	(4.4)	(5.4)	3.1	(1.9)	3.8*	Hexavest
FU467	International Equity (McLean Budden)	IN002	6.5	5.4	(5.4)	(5.3)	(5.4)	3.9	(3.1)	1.2	McLean Budden
FU180	U.S. Equity Index (SSGa)	IN098	28.6	5.7	1.5	1.0	5.2	3.6	(2.7)	(1.4)	SSGa (State Street)
FU839	U.S. Equity (BatteryMarch)	IN014	2.1	6.2	1.9	1.6	4.8	2.2*	(2.9)*	(0.8)*	BatteryMarch
FU512	U.S. Equity (Jarislowsky)	IN014	1.4	4.4	0.0	(0.7)	3.9	3.2	(1.9)	(1.5)*	Jarislowsky
FU513	U.S. Equity (McLean Budden)	IN014	14.4	6.4	(1.3)	(4.3)	(0.6)	1.8	(2.5)	0.2*	McLean Budden
FU540	Global Real Estate (BNP Paribas)	IN080	6.1	7.4	(2.9)	0.8	0.0	7.1	(6.1)	6.1*	BNP Paribas Inv Partners

The above returns are gross returns and do not take into account management and administration fees. Past performance is not a guarantee of future returns.

## Gross returns as at October 31, 2011

	Simple returns <sup>2</sup>			Compound annual returns				
	1 month	3 months	YTD	1 year	3 years	5 years	10 years	
	%	%	%	%	%	%	%	
<b>BENCHMARK INDEXES</b>								
<b>Money market index</b>								
IN018	DEX 91 day Tbill Index	0.1	0.2	0.8	1.0	0.8	2.1	2.4
<b>Bond indexes</b>								
IN019	DEX Short Term Bond Index	(0.1)	1.3	4.0	3.5	5.1	5.0	4.7
IN056	DEX Long Term Bond Index	(1.0)	4.7	11.4	10.1	13.3	7.0	8.0
IN021	DEX Universe Bond Index	(0.4)	2.6	7.0	6.0	8.2	5.9	6.1
<b>Equity indexes</b>								
IN026	S&P/TSX 60	4.9	(4.2)	(7.3)	(1.6)	8.7	2.5	8.2
IN024	S&P/TSX Composite Index	5.6	(4.7)	(6.9)	(0.8)	11.1	2.7	8.5
IN031	S&P/TSX Capped Composite Index	5.6	(4.7)	(6.9)	(0.8)	11.1	2.7	8.5
IN061	BMO Nesbitt Burns Small Cap	8.5	(8.4)	(11.5)	0.4	27.0	3.8	11.6
IN008	MSCI - World (Can. \$)	5.5	(2.4)	(3.2)	(0.8)	3.5	(3.4)	(0.2)
IN104	MSCI - World (Local \$)	8.5	(4.9)	(4.8)	0.2	7.7	(2.6)	2.5
IN089	S&P Citigroup High Income Equity Index (Can. \$)	6.0	(2.2)	(1.9)	0.5	8.0	(4.3)	-
IN079	MSCI - World Small Cap. (Can. \$)	7.0	(5.0)	(5.8)	1.1	11.0	(1.0)	4.7
IN046	MSCI - EAFE (Can. \$) (Reuters)	4.5	(6.1)	(6.8)	(6.4)	2.7	(4.7)	0.9
IN002	MSCI - EAFE (Can. \$)	4.9	(6.0)	(6.9)	(6.5)	2.7	(4.8)	0.9
IN098	S&P 500 (Can. \$) (Reuters)	5.7	1.5	1.3	5.5	4.2	(2.1)	(1.1)
IN014	S&P 500 (Can. \$)	6.1	1.6	1.2	5.4	4.1	(2.2)	(1.1)
IN080	FTSE EPRA/NAREIT Global Index Net TRI (Can. \$) <sup>4</sup>	7.7	(3.8)	(1.8)	(2.5)	7.4	(5.7)	5.1
<b>Composite indexes (funds)</b>								
INDC010	IN024 (90%), IN008 (10%)	5.6	(4.5)	(6.5)	(0.8)	10.4	2.2	7.6
INDC040	IN021 (50%), IN024 (35%), IN008 (10%), IN018 (5%)	2.3	(0.5)	0.8	2.9	8.7	4.0	6.4
INDC240	IN021 (65%), IN024 (20%), IN008 (5%), IN018 (10%)	1.1	0.7	3.1	3.9	8.1	4.7	6.1
INDC250	IN021 (30%), IN024 (50%), IN008 (15%), IN018 (5%)	3.5	(1.8)	(1.8)	1.5	8.9	3.1	6.4
INDC380	IN021 (35%), IN024 (30%), IN008 (30%), IN018 (5%) <sup>5</sup>	3.2	(1.1)	(0.5)	1.9	7.6	2.3	5.5
INDC462	IN031 (65%), IN021 (30%), IN018 (5%)	3.5	(2.2)	(2.3)	1.5	10.0	4.0	7.7
INDC463	IN021 (39%), IN024 (30%), IN002 (12.5%), IN018 (6%), IN014 (12.5%)	2.9	(0.8)	0.0	2.2	7.8	2.7	5.3
INDC486	IN021 (35%), IN024 (35%), IN008 (25%), IN018 (5%)	3.2	(1.2)	(0.7)	1.9	8.0	2.6	5.4
INDC506	IN021 (80%), IN024 (10%), IN008 (10%)	0.8	1.3	4.5	4.7	8.2	4.8	5.8
INDC507	IN021 (65%), IN024 (20%), IN008 (15%)	1.8	0.3	2.6	3.7	8.4	4.1	5.8
INDC508	IN021 (50%), IN024 (30%), IN008 (20%)	2.7	(0.7)	0.7	2.7	8.4	3.4	5.8
INDC509	IN021 (35%), IN024 (40%), IN008 (25%)	3.7	(1.7)	(1.3)	1.6	8.5	2.6	5.7
INDC510	IN021 (20%), IN024 (50%), IN008 (30%)	4.6	(2.8)	(3.2)	0.5	8.4	1.8	5.6
INDC522	IN021 (35%), IN031 (35%), IN008 (25%), IN018 (5%)	3.2	(1.2)	(0.7)	1.9	8.0	2.6	5.4

<sup>1</sup> Total net assets of the fund including individual and group contracts.

<sup>2</sup> The rates of return for the period are non-annualized.

<sup>3</sup> Fund managed by DB Advisors since March 31, 2008.

<sup>4</sup> The returns presented are those of the FTSE EPRA/NAREIT Global Index Net TRI (Can. \$) since January 1, 2009. For periods to this date, the returns presented are those of GPR 250.

<sup>5</sup> The current composition of this index has been in effect since July 1, 2007.

\* Simulation of past returns as if the fund had been in effect for these periods.

Index funds: Simulation of past returns from the return of the index that the fund aims to reproduce.

Asset allocation funds: Simulation of past returns based on the return of the funds included in the asset allocation fund and on an asset allocation decision.

### Returns as at October 31, 2011 (%)

	Special 1-day	1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years
<b>GUARANTEED INVESTMENTS</b>											
Published rates	0.05	0.45	0.75	0.85	1.15	1.60	1.30	1.30	1.30	1.30	2.30

The rates applicable to your guaranteed investments may differ from those presented above. To find out the applicable adjustment, please call Client Service at the following number: 1 800 567-5670.

# ATTITUDE Portfolios

## Gross Returns as at October 31, 2011

	Benchmark indexes	PORTFOLIOS						INDEXES					
		Simple returns <sup>1</sup> (in %)			Compound annual returns (in %)			Simple returns <sup>1</sup> (in %)			Compound annual returns (in %)		
		1 month	3 months	YTD	1 year	3 years	5 years	1 month	3 months	YTD	1 year	3 years	5 years
<b>Conservative</b>													
Conservative Portfolio 1996 to 2000	INP9544	0.1	0.4	3.5	3.6	8.2	4.8	(0.3)	1.4	4.5	4.8	8.5	4.9
Conservative Portfolio 2001 to 2005	INP9545	0.8	0.7	3.9	4.0	8.4	4.9	0.2	1.3	4.4	4.7	8.5	4.9
Conservative Portfolio 2006 to 2010	INP9000	1.2	1.0	4.1	4.3	8.5	5.0	0.6	1.3	4.4	4.7	8.5	4.9
Conservative Portfolio 2011 to 2015	INP9546	1.6	1.3	4.4	4.6	8.6	5.0	0.9	1.3	4.4	4.7	8.5	4.9
Conservative Portfolio 2016 to 2020	INP9001	1.9	1.1	4.3	4.5	9.2	4.7	1.2	1.2	4.4	4.7	9.0	4.5
Conservative Portfolio 2021 to 2025	INP9547	2.5	1.8	5.0	5.1	9.4	4.8	1.8	1.0	4.2	4.5	8.9	4.4
Conservative Portfolio 2026 to 2030	INP9002	2.7	0.3	2.1	3.5	9.5	4.7	2.0	0.6	2.7	4.2	9.5	4.5
Conservative Portfolio 2031 to 2035	INP9548	2.7	0.6	2.4	3.8	9.6	4.7	2.0	0.6	2.6	4.2	9.5	4.5
Conservative Portfolio 2036 to 2040	INP9003	2.9	0.1	1.4	3.2	9.6	4.4	2.2	0.4	2.1	4.0	9.5	4.2
Conservative Portfolio 2041 to 2045	INP9549	3.0	0.3	1.7	3.5	9.7	4.4	2.3	0.3	2.0	4.0	9.5	4.2
Conservative Portfolio 2046 to 2050	INP9004	3.3	(0.3)	0.7	2.7	9.4	3.9	2.6	(0.1)	1.4	3.5	9.3	3.7
Conservative Portfolio 2051 to 2055	INP9550	3.3	(0.1)	1.0	3.0	9.5	4.0	2.7	(0.1)	1.4	3.5	9.3	3.7
Conservative Portfolio 2056 to 2060	INP9339	3.3	(0.8)	0.0	2.1	9.2	3.8	2.7	(0.4)	0.8	3.2	9.2	3.6
<b>Moderate</b>													
Moderate Portfolio 1996 to 2000	INP9551	0.8	(0.6)	1.1	2.5	9.0	4.6	0.3	0.8	2.9	4.4	9.4	4.7
Moderate Portfolio 2001 to 2005	INP9552	1.5	(0.2)	1.5	2.9	9.1	4.7	0.9	0.8	2.8	4.3	9.4	4.7
Moderate Portfolio 2006 to 2010	INP9005	2.2	0.2	2.0	3.4	9.3	4.8	1.5	0.7	2.7	4.2	9.3	4.7
Moderate Portfolio 2011 to 2015	INP9553	2.6	0.5	2.3	3.7	9.4	4.8	1.9	0.6	2.7	4.2	9.3	4.7
Moderate Portfolio 2016 to 2020	INP9006	3.0	0.4	2.1	3.5	9.7	4.5	2.2	0.6	2.6	4.1	9.6	4.3
Moderate Portfolio 2021 to 2025	INP9554	3.3	0.8	2.6	4.0	9.9	4.6	2.5	0.5	2.5	4.0	9.6	4.3
Moderate Portfolio 2026 to 2030	INP9007	3.4	(0.2)	0.7	2.9	9.8	4.3	2.6	0.2	1.5	3.8	9.8	4.1
Moderate Portfolio 2031 to 2035	INP9555	3.3	0.1	1.0	3.2	9.9	4.3	2.7	0.1	1.5	3.8	9.7	4.1
Moderate Portfolio 2036 to 2040	INP9008	3.5	(0.6)	0.0	2.4	9.8	4.0	2.8	(0.2)	0.8	3.4	9.8	3.8
Moderate Portfolio 2041 to 2045	INP9556	3.6	(0.4)	0.3	2.6	9.9	4.1	2.9	(0.3)	0.8	3.3	9.7	3.8
Moderate Portfolio 2046 to 2050	INP9009	3.9	(0.9)	(0.7)	2.1	9.9	3.7	3.2	(0.5)	0.2	3.1	9.8	3.5
Moderate Portfolio 2051 to 2055	INP9557	4.0	(0.6)	(0.4)	2.3	10.0	3.7	3.3	(0.5)	0.2	3.1	9.8	3.5
Moderate Portfolio 2056 to 2060	INP9340	4.0	(1.3)	(1.4)	1.5	9.7	3.6	3.3	(0.8)	(0.4)	2.8	9.7	3.4
<b>Balanced</b>													
Balanced Portfolio 1996 to 2000	INP9558	1.5	(0.6)	0.7	2.5	9.3	4.5	1.0	0.6	2.3	4.2	9.6	4.6
Balanced Portfolio 2001 to 2005	INP9559	2.2	(0.3)	1.1	2.9	9.5	4.6	1.5	0.5	2.2	4.1	9.6	4.6
Balanced Portfolio 2006 to 2010	INP9010	2.6	0.0	1.3	3.1	9.6	4.7	1.9	0.5	2.2	4.1	9.6	4.6
Balanced Portfolio 2011 to 2015	INP9560	3.0	0.3	1.6	3.4	9.7	4.7	2.2	0.4	2.1	4.1	9.6	4.6
Balanced Portfolio 2016 to 2020	INP9011	3.3	0.1	1.4	3.2	9.8	4.2	2.6	0.3	2.0	3.9	9.6	4.0
Balanced Portfolio 2021 to 2025	INP9561	3.9	0.7	2.0	3.8	10.0	4.4	3.1	0.1	1.8	3.7	9.6	4.0
Balanced Portfolio 2026 to 2030	INP9012	4.0	(0.6)	0.1	2.4	9.8	3.7	3.3	(0.4)	0.7	3.3	9.7	3.4
Balanced Portfolio 2031 to 2035	INP9562	4.0	(0.2)	0.5	2.8	10.0	3.8	3.3	(0.4)	0.7	3.2	9.6	3.4
Balanced Portfolio 2036 to 2040	INP9013	4.1	(1.3)	(1.4)	1.5	9.7	3.2	3.4	(0.9)	(0.4)	2.7	9.6	3.0
Balanced Portfolio 2041 to 2045	INP9563	4.2	(1.1)	(1.2)	1.7	9.7	3.3	3.6	(1.0)	(0.5)	2.7	9.5	3.0
Balanced Portfolio 2046 to 2050	INP9014	4.5	(1.7)	(2.1)	0.9	9.4	2.8	3.8	(1.4)	(1.1)	2.2	9.3	2.5
Balanced Portfolio 2051 to 2055	INP9564	4.6	(1.5)	(1.8)	1.2	9.5	2.8	3.9	(1.4)	(1.1)	2.2	9.3	2.5
Balanced Portfolio 2056 to 2060	INP9341	4.6	(2.2)	(2.8)	0.3	9.2	2.6	3.9	(1.7)	(1.7)	1.8	9.2	2.4
<b>Growth</b>													
Growth Portfolio 1996 to 2000	INP9565	2.2	(1.3)	(0.7)	1.7	9.4	4.0	1.6	0.0	1.1	3.6	9.7	4.0
Growth Portfolio 2001 to 2005	INP9566	2.9	(0.9)	(0.3)	2.0	9.5	4.1	2.2	(0.1)	1.0	3.5	9.7	4.0
Growth Portfolio 2006 to 2010	INP9015	3.3	(0.7)	(0.1)	2.3	9.6	4.1	2.5	(0.2)	0.9	3.5	9.6	4.0
Growth Portfolio 2011 to 2015	INP9567	3.6	(0.4)	0.2	2.5	9.7	4.2	2.9	(0.2)	0.9	3.4	9.6	4.0
Growth Portfolio 2016 to 2020	INP9016	4.0	(0.6)	0.0	2.4	9.8	3.7	3.2	(0.3)	0.8	3.3	9.7	3.4
Growth Portfolio 2021 to 2025	INP9568	4.5	(0.1)	0.6	2.9	10.0	3.8	3.8	(0.6)	0.5	3.1	9.6	3.4
Growth Portfolio 2026 to 2030	INP9017	4.7	(1.3)	(1.3)	1.5	9.9	3.1	3.9	(1.0)	(0.5)	2.6	9.7	2.8
Growth Portfolio 2031 to 2035	INP9569	4.6	(0.9)	(1.0)	1.9	10.0	3.2	3.9	(1.1)	(0.6)	2.5	9.7	2.8
Growth Portfolio 2036 to 2040	INP9018	4.7	(2.0)	(2.8)	0.6	9.7	2.6	4.0	(1.6)	(1.7)	2.0	9.6	2.4
Growth Portfolio 2041 to 2045	INP9570	4.8	(1.8)	(2.6)	0.8	9.7	2.7	4.2	(1.6)	(1.7)	2.0	9.5	2.4
Growth Portfolio 2046 to 2050	INP9019	5.1	(2.4)	(3.5)	0.0	9.4	2.2	4.5	(2.0)	(2.4)	1.5	9.3	1.9
Growth Portfolio 2051 to 2055	INP9571	5.2	(2.2)	(3.3)	0.3	9.5	2.2	4.5	(2.0)	(2.4)	1.5	9.3	1.9
Growth Portfolio 2056 to 2060	INP9342	5.2	(2.9)	(4.2)	(0.6)	9.2	2.0	4.5	(2.3)	(3.0)	1.1	9.2	1.8

Continued on other side

	Benchmark indexes	PORTFOLIOS						INDEXES					
		Simple returns <sup>1</sup> (in %)			Compound annual returns (in %)			Simple returns <sup>1</sup> (in %)			Compound annual returns (in %)		
		1 month	3 months	YTD	1 year	3 years	5 years	1 month	3 months	YTD	1 year	3 years	5 years
<b>Aggressive</b>													
Aggressive Portfolio 1996 to 2000	INP9572	2.6	(2.2)	(2.3)	0.6	9.3	3.4	2.0	(0.5)	0.0	3.1	9.8	3.5
Aggressive Portfolio 2001 to 2005	INP9573	3.5	(1.6)	(1.7)	1.1	9.5	3.5	2.8	(0.7)	(0.3)	2.9	9.7	3.4
Aggressive Portfolio 2006 to 2010	INP9020	4.0	(1.4)	(1.4)	1.4	9.6	3.6	3.2	(0.8)	(0.3)	2.8	9.7	3.4
Aggressive Portfolio 2011 to 2015	INP9574	4.3	(1.1)	(1.2)	1.7	9.7	3.6	3.5	(0.8)	(0.4)	2.8	9.7	3.4
Aggressive Portfolio 2016 to 2020	INP9021	4.7	(1.3)	(1.4)	1.5	9.8	3.1	3.9	(1.0)	(0.5)	2.6	9.7	2.8
Aggressive Portfolio 2021 to 2025	INP9575	5.2	(0.8)	(0.9)	2.0	10.0	3.2	4.5	(1.2)	(0.7)	2.4	9.6	2.8
Aggressive Portfolio 2026 to 2030	INP9022	5.3	(2.0)	(2.7)	0.6	9.9	2.5	4.6	(1.7)	(1.8)	1.9	9.6	2.2
Aggressive Portfolio 2031 to 2035	INP9576	5.2	(1.6)	(2.4)	1.0	10.0	2.6	4.5	(1.7)	(1.8)	1.9	9.6	2.2
Aggressive Portfolio 2036 to 2040	INP9023	5.3	(2.7)	(4.2)	(0.3)	9.6	2.0	4.6	(2.2)	(2.9)	1.3	9.5	1.7
Aggressive Portfolio 2041 to 2045	INP9577	5.5	(2.5)	(4.0)	(0.1)	9.7	2.1	4.8	(2.3)	(3.0)	1.3	9.5	1.7
Aggressive Portfolio 2046 to 2050	INP9024	5.7	(3.2)	(4.8)	(0.9)	9.4	1.5	5.1	(2.7)	(3.7)	0.8	9.3	1.2
Aggressive Portfolio 2051 to 2055	INP9578	5.8	(3.0)	(4.7)	(0.7)	9.5	1.6	5.1	(2.7)	(3.7)	0.8	9.3	1.2
Aggressive Portfolio 2056 to 2060	INP9343	5.8	(3.6)	(5.6)	(1.5)	9.1	1.4	5.1	(3.0)	(4.2)	0.4	9.1	1.1

## Benchmark Indexes

### Gross Returns as at October 31, 2011

		Simple returns <sup>1</sup> (in %)			Compound annual returns (in %)		
		1 months	3 months	YTD	1 year	3 years	5 years
<b>Bond indexes</b>							
IN019	DEX short-term bond index	(0.1)	1.3	4.0	3.5	5.1	5.0
IN021	DEX Universe Bond Index	(0.4)	2.6	7.0	6.0	8.2	5.9
<b>Equity indexes</b>							
IN026	S&P/TSX 60	4.9	(4.2)	(7.3)	(1.6)	8.7	2.5
IN024	S&P/TSX Composite Index	5.6	(4.7)	(6.9)	(0.8)	11.1	2.7
IN031	S&P/TSX Capped Composite Index	5.6	(4.7)	(6.9)	(0.8)	11.1	2.7
IN061	BMO Nesbitt Burns Small Cap.	8.5	(8.4)	(11.5)	0.4	27.0	3.8
IN008	MSCI - World (Can. \$)	5.5	(2.4)	(3.2)	(0.8)	3.5	(3.4)
IN104	MSCI - World (Local \$)	8.5	(4.9)	(4.8)	0.2	7.7	(2.6)
IN079	MSCI - World Small Cap. (Can. \$)	7.0	(5.0)	(5.8)	1.1	11.0	(1.0)
<b>Composite indexes (portfolios)</b>							

Each portfolio index is composed of a set of benchmark sub-indexes, listed above. These sub-indexes are linked to the portfolios' underlying funds. The weighting used is equal to the asset allocation of the portfolios' underlying funds. The asset allocation varies periodically. The current allocation appears on the *Composition of the ATTITUDE portfolios (in %)* page of the Quarterly Update publication.

<sup>1</sup> Rates of return for the period are non-annualized.

Some portfolio returns are simulated as if they were in effect during the periods shown above.

**The above returns are gross returns and do not take into account management and administration fees. Past performance is not a guarantee of future returns.**

# Monthly Update

Continued from first page

these governments continue the necessary economic and fiscal reforms to contain their future public debt. However, if these reforms do not materialize in a satisfying manner, investors may go back to dumping these bonds onto the markets, and should that occur, the EFSF rescue fund would not be big enough to support the market.

Third component: recapitalization of the European banks. Growing concerns as to the solidity of certain European banks have recently made headlines. In particular, the French banks Société Générale, Crédit Agricole and BNP Paribas were cited in September for their heavy exposure to the Greek, Spanish and Italian debts, leading to a sharp drop in their stock market value. Moreover, the heads of these banks are particularly reticent to recapitalize by issuing shares at the current prices. In response, the European Banking Authority carried out stress tests, which indicated a shortfall of 106 billion euros of capital among European banks. As a result, the agreement contains a clause that

forces banks to raise their capital ratio to 9% by June 30, 2012.

On this last point, the only criticism lies in the risk that banks may choose to improve their capital ratio by shrinking their balance sheets rather than by raising capital on the financial markets. Such a move would have a fatal impact on the European economy, in which companies are traditionally more likely to seek financing through loans than through share capital. We will have to see what measures are taken by the national and European banking authorities to ensure that banks act appropriately.

In conclusion to this summary, it can be seen that the internal rifts in Europe are far from being resolved. Rather than going ahead with a firm commitment and a “we’ll do whatever it takes” attitude, the solution that euro zone leaders are proposing to the financial markets — while certainly a meaningful step in the right direction — seems to be stitched with the white thread of diplomatic compromise.

## Latest developments

On November 1, Greek Prime Minister George Papandreou announced plans to hold a referendum on the EU bailout plan at the start of 2012, provoking the wrath of French President Nicolas Sarkozy and German Chancellor Angela Merkel. In light of the popular saying that, “If you owe the bank thousands, then you have a problem. If you owe the bank millions, then the bank has a problem,” this announcement fell on stock markets like a cold shower. Then, on November 3, there was an about-face: to the great relief of stock market investors, the referendum plan was dropped. As we write these lines, on November 4, we are awaiting the results of the Greek parliament’s vote of confidence in the Papandreou government. History is in the making. ~

## NEWS

### Retirement of Nang Cheung, Fixed Income Portfolio Manager

Industrial Alliance Investment Management (IAIM) announces that Nang Cheung, Fixed Income manager, will be retiring at the end of 2011 after more than 32 years of loyal services. Nang is lead manager of the **Bonds - series 2** and co-manager of the **Diversified** and **Diversified Opportunity** funds.

Management responsibilities for Nang’s portfolios will be taken over by François Lalonde, Louis Gagnon and Christian Pouliot. François is Vice-President, Portfolio Management and co-manager of the IA Bonds fund with Louis and Christian.

The **Bonds - series 2** fund and the bond portion of the **Diversified** and **Diversified Opportunity** funds will be managed in the same fashion as the Bonds fund currently managed by François, Louis and Christian (same strategy, same team). The new team of managers adopts a more mixed approach, which includes spread trading and interest rate forecasts.

For more details, please read the related Investment Update available on *CyberClient*. ~



# NEWS (continued)

October 31,  
2011

## Improvements are made to the Group fund offer

**W**e are pleased to announce that following a detailed analysis of our fund offer, we will be adding the following funds<sup>1</sup> on **November 15, 2011**:

Bonds (Beutel Goodman)	FU750	International Equity	FU706
Diversified (Beutel Goodman)	FU751	International Equity (Sprucegrove)	FU755
Canadian Equity Index (TD)	FU753	U.S. Equity Index (BlackRock)	FU760
Canadien Equity (Beutel Goodman)	FU752	U.S. Equity	FU705
Global Equity	FU707	U.S. Equity (Sprucegrove)	FU756
Global Equity (Sprucegrove)	FU754		

In addition, the **following funds will be withdrawn** from our fund offer (see left column - Source Funds), and on **December 8, 2011**, the amounts invested in these funds will be transferred to the corresponding target funds (see right column - Target Funds):

Source Funds	Target Funds		
Bonds - series 2	FU210	Bonds	FU020
Bonds (Addenda)	FU822	Bond (Beutel Goodman)	FU750
Balanced (Invesco)	FU486	Diversified (Beutel Goodman)	FU751
Canadien Equity Index	FU474	Canadien Equity Index (TD)	FU753
Canadian Equity (PH&N)	FU523	Canadien Equity (Beutel Goodman)	FU752
Global Equity (Invesco)	FU485	Global Equity (Sprucegrove)	FU754
U.S. Equity Index (SSgA)	FU180	<b>Registered amounts:</b>	
		U.S. Equity Index (BlackRock)	FU760
		<b>Non registered amounts:</b>	
		U.S. Equity (McLean Budden)	FU513

<sup>1</sup> If you have opted for a customized fund offer, these new funds will not be automatically added to it unless it contains one or more of the source funds. In this case, the corresponding target funds will be automatically added to your fund offer to receive the amounts transferred from the source funds. Also, if you want to add the new funds to your fund offer, contact your regional Client Service Director.

## Improvements are made to the Group fund offer (cont'd)

### Different choice of target funds

Although we suggested certain target funds for the amounts to be transferred from the source funds, **members who control their investment instructions** can transfer these amounts to any other fund available in their plan. Members who choose funds other than the ones suggested must send us their instructions by **December 1, 2011**<sup>1</sup>. We are asking them to send us their new investment instructions both for any investments in the source funds **AND** for future contributions. Members can simply send us their instructions online via our secure CyberClient website.

**If, by December 1, 2011 we receive no new instructions from members who control their investment instructions:**

- Amounts in the source funds will be automatically transferred to the corresponding suggested target funds on December 8, 2011.
- **Members whose investment instructions for future contributions include one or more of the source funds will have their instructions automatically changed to the corresponding suggested target fund(s) on December 8, 2011.**

If **you** control the investment instructions and want to transfer amounts from the source funds to target funds other than the ones we suggested, please notify us in writing by **December 1, 2011**<sup>1</sup>. If we do not receive any new instructions from you by this date, we will automatically transfer the amounts from the source funds to the suggested target funds on December 8, 2011.

### Forms, website and documentation

Communication tools, such as our enrolment and change forms, online transaction screens, website and documentation, will be updated on November 15, 2011. As of that date, it is important that you use the new forms and destroy any previous versions you may have.

### Asset allocation funds and personalized portfolios

The above mentioned changes will affect the composition of asset allocation funds and personalized portfolios on December 8, 2011.

### For more information

For more information, please contact your regional Client Service Director. ~

<sup>1</sup> If we receive new instructions **after December 1, 2011**, we cannot guarantee that they will be processed by December 8, 2011.